

# 500 MILLION WAGE CUT DECREED BY RAILROAD HEADS

Is Only Way Lines Can Earn 6 Per Cent. Guaranteed by United States.

3 METHODS DISCUSSED Publicity Campaign to Convince Public Reduction Is Just.

PLEA TO WAGE BOARD 'Uncompromising War' Is a Last and Undesired Resort, It Is Said.

Special Despatch to THE NEW YORK HERALD. CHICAGO, Jan. 29.—A half a billion dollars must be cut from the operating expenses of American railroads. The labor committee of the American Association of Railway Executives, which resumed discussion of retrenchment methods to-day behind closed doors, is in a quandary as to the best way of accomplishing this economy.

W. W. Atterbury, vice-president of the Pennsylvania lines and chairman of the committee, and the half dozen railroad presidents who are associated with him were reticent as they left the conference, which began here yesterday. Not one of them was willing to discuss the progress already made or the probable decisions.

It was generally understood, however, that the executives agree in believing railroad labor must give up, in one way or another, between \$400,000,000 and \$500,000,000 a year if the railroads are to earn the 6 per cent. return guaranteed them by the Federal transportation act.

Three ways of accomplishing this cut in wages have been suggested at the conference, it is said. They are:

1. Inauguration of a publicity campaign to win public support of the retrenchment programme, this campaign to include advertising of the "secret diplomacy" which is alleged to have been behind the Adamson law and subsequent rail wage awards. Advocates of this plan argue that wages could be reduced without difficulty once the public had been convinced of the justice of such a move.

2. An immediate "show down" to having the case before the United States Railway Labor Wage Board. Under this plan the railway brotherhoods would be asked to consent to a wage cut. In event of a refusal the case could then be taken straight to the Federal Board as an appeal for "emergency relief." It was in this way that the brotherhoods initiated the case before the board.

3. Uncompromising war with labor in the old fashioned manner. Such a move would be started by suspending high priced men and curtailing activities. Then jobs would be filled with cheap recruits from the growing ranks of the unemployed.

The first and second plans, it is said, are more in favor than the third, which has few supporters. That one plan or another will be adopted by the committee is considered certain, for every member of the conference is said to be convinced that a reduction of wages is necessary.

From the executive viewpoint a cut of approximately \$500,000,000 a year in operating expenses is essential. Abrogation of the national shop agreements, over which labor chiefs and railroad heads are now fighting before the railway wage board, will eliminate between \$100,000,000 and \$150,000,000 of present expenses, it is estimated. The railroad heads say the balance can be eliminated only by reducing wages.

The committee which is now considering the problem has not the right to decide for the American Association of Railway Executives. The association is likely, however, to approve the committee's findings.

Members of the committee said tonight that a decision probably will be reached by Monday.

## ORDER REFERENDUM IN SHIPYARD WAGE CUT

Labor Officials Put Acceptance Up to Workers.

WASHINGTON, Jan. 29.—Decision as to acceptance by between 60,000 and 75,000 skilled workers in American shipyards of a reduction of from 10 to 20 per cent. in wages as a means of revivifying the industry to-day was put up to the men by officials of labor organizations, including most of the yard employees in their membership.

A general referendum was ordered on wage reduction proposals of the Atlantic Coast Shipbuilders' Association and the Bethlehem Shipbuilding Corporation. Labor leaders here were unable to forecast the result, which, they said, would not be known before the middle of February at the earliest.

With decreased labor charges proposed as the initial move in the programme to cut production costs in order that American yards might compete with foreign builders, it was suggested by some leaders here that a counter proposal might be made by the workers that employers share in the "sacrifice."

# RAIL HEADS PLAN 3 LINES OF BATTLE

Continued from First Page.

van is chairman of the committee that will conduct the campaign and has as his aids the following railroad presidents: W. G. Bessler of the Jersey Central, H. E. Hyram of the St. Paul, Carl R. Gray of the Union Pacific, Hale Holder of the Burlington, J. H. Hustis of the Boston and Maine, E. E. Loomis of the Lehigh Valley, N. D. Maher of the Norfolk and Western, C. H. Markham of the Illinois Central, W. H. Scott of the Texas and Louisiana lines of the Southern Pacific, and J. H. Young of the Norfolk and Southern.

That the application to the Labor Board for a reduction in wages will be vigorously opposed by representatives of the men is evident from the statement of Warren S. Stone, general chief engineer of the Brotherhood of Locomotive Engineers. "The men in railroad work are not going to accept reductions in wages now," said Mr. Stone. "They have to pay just as much as they ever did for what they get."

It is expected the first guns in the battle of the railroads for a lower wage scale will revolve about a very small case, and this will be used as an entering wedge to open up the full case for hearing by the Labor Board. The case is that of the Atlantic, Birmingham and Atlantic Railroad, whose officials have applied to the Labor Board to reduce the scale of wages 50 per cent. of the increases granted since December 31, 1919. Railroad executives will bring before the board in full detail the miserable financial showing of the roads in the year just closed, in which many of them failed to earn their interest and dividend charges, and in which several of the smaller and weaker roads fell far behind financially. It will be shown, the executives contend, that instead of earning the 6 per cent. which the Interstate Commerce Commission has recognized as the return necessary to enable the roads to expand their facilities sufficiently to meet the public adequate service, the roads have earned barely 4 per cent. in 1920.

In September the roads earned 67 per cent. of the expected net return; in October 77 per cent. and in November 58 per cent. December, whose totals are not all recorded, will show a better record. It is pointed out by the statisticians of the roads that the total net operating income they should have earned for those months of September, October and November to have contributed their full share toward a 6 per cent. annual return was \$224,417,000, while the amount actually earned was \$119,500,000.

The largest item of the expense budget of the railroads is in wages, and according to the executives this is one of the sore spots in the present situation which has caused them to take behind closed doors the action of advising the Association of Railway Executives, is authority for the statement that the railroad payroll of to-day is \$3,700,000,000, as compared with \$1,700,000,000 in 1917.

In discussing this problem another railroad authority says: "In 1917, when the Government took charge of the roads the number of employees was placed at 1,703,000 and the annual payroll was \$1,730,057,000. By the end of 1920 the personnel had risen to 1,977,000 and the payroll item was \$2,744,000,000. On July 20 last year this was boosted to the extent of \$628,000,000 a year by the award of the United States Railway Labor Board. In spite of reductions in the forces of various lines recently it is probable that the labor bill paid by the railroads annually is approximately \$3,500,000,000."

"We are at present handling about the same tonnage on our railroads as we did in 1917, and we have had no increase in the number of cars and locomotives. But due to the addition of 277,000 men under Government control and the wage increases, we are paying a million and a half more for the same service."

In arriving at its decision to grant a general increase to employees and to make the new scale of pay retroactive to May 1, 1920, the Railroad Labor Board took into consideration seven factors: first, the scale of wages paid for similar kinds of work in other industries; second, the relation between wages and the cost of living; third, the hazards of the employment; fourth, the training and skill required; fifth, the degree of responsibility; sixth, the character and responsibility of the employment; and, seventh, inequalities of increase in wages or of treatment the result of previous wage orders or adjustments.

It is on these identical factors that the railroad executives plan to wage their fight with the added factor of the present financial condition of the roads.

## SHOP FORCE CUT A TENTH.

Louisville and Nashville Will Retrench in Other Ways Also.

LOUISVILLE, Jan. 29.—Notices were posted in the Louisville and Nashville Railroad shops here to-day announcing a reduction of 10 per cent. in the number of men employed in the mechanical department, effective February 6. This would affect about 2,500 men. A retrenchment policy will also be followed in all other departments, it was said at headquarters here. The railroad employs approximately 32,000 persons. A decrease in business necessitated the reductions, the announcement said.

## MACHINE PLANT CUTS WAGES.

WORCESTER, Mass., Jan. 29.—Reed & Prince Manufacturing Company, manufacturers of screw machine products, announced to-day a wage reduction ranging from 10 to 20 per cent. to go into effect Monday. The change affects about 1,100 employees.

## REPAIR SHOPS TO CLOSE.

MIDTOWN, N. Y., Jan. 29.—More than 100 men will be laid off February 4 with the closing for an indefinite period of the repair shops of the New York, Ontario and Western Railroad in this city, it was announced to-day.

## \$50,000 FIRE IN VESSEL.

LOS ANGELES, Jan. 29.—Fire early today in the hold of the Dutch steamship *Eden*, which arrived yesterday from Rotterdam, caused damage which it was said might reach \$50,000. It is believed a stovepipe dropped a lighted cigarette down a ventilator.

# 'FRAME UP' CHARGED IN MINGO SLAYING

Hatfield, One of 21 on Trial, Accuses Prosecution of Conspiracy.

## VENIREMEN ARE SOUGHT

Difficulty Found in Filling Panel—Congress Inquiry Being Urged.

Special Despatch to THE NEW YORK HERALD. WILLIAMSON, W. Va., Jan. 29.—Intimating that the prosecution would attempt to show that it was he who precipitated the fatal shooting at Matewan in order that Mayor C. C. Lesterman might be killed and he win the Mayor's beautiful wife, Sid Hatfield, one of the twenty-one men on trial here for the slaying of the seven Baldwin-Felts deputies in the Mingo town last May, unsealing his lips on that subject for the first time since the ugly rumors were circulated months ago, made vehement denial to-day and declared it was a "frame up" on the part of the detectives, who were seeking to shift the blame for the fatal fight.

Waiting while deputy sheriffs sought additional veniremen after two special panels—one of 200 and the other of fifty—had been exhausted, the famous descendant of the feud family gave vent to his feelings in bitterest tones, declaring the charge as a "damned lie."

And while he was thus discouraging word came from Indianapolis that high officials of the United Mine Workers were rushing to Washington to urge a special investigation by Congress while the trial is on of the conditions existing in the Tug River strike district, where barefooted children are romping in the snow of the mountain valley and anxious mothers are weeping and wailing in the army tents furnished them by the miners' union, both unimpaired of the court drama being enacted here. Mine workers officials will urge a Congressional investigation at this time, inasmuch as opportunity to get all interested parties together in one place again will be extremely difficult.

The court room was stirred early to-day when former Judge James Damron asked the court's permission to carry a revolver for self-protection. He was shot recently from ambush, but was only slightly hurt. Judge Damron is one of the leading attorneys for the prosecution.

Incidentally the prosecution was silent on Hatfield's charges.

"Yes, I suppose they will attempt to show that I killed Calvin Testerman, so that I could marry his wife," Hatfield said, "but it's a lie, and they know it. No kill 'Cal' Testerman? Why, he was like a father to me. They wanted to arrest me and he stopped them. That is a lie. But it would be just like these detectives to drag my wife into it. They want to throw the guilt of the murder upon some one else. I have been a thorn in their sides since the strike started. I was the officer at Matewan, and I did my duty. I wouldn't let them run me and wouldn't accept their bribe money. Let them try to prove I killed Testerman."

Hatfield's wife, to whom the defendant was married two weeks after Testerman's death, sat by him in the court room. Attired in the latest style clothes, she presented a pretty picture, the envy of every woman in this section.

Developments showed that there is increasing fear among the veniremen should they become a jury and be a party to an adverse verdict. Word has gone around that there will be reprisals against every known associate who has been used to escape service. The word has been sent out that by claiming conscientious objection to capital punishment one may be excused, and the plea is being worked to the limit. To-day it appeared that, with two more of the twenty jurors to be selected and then eight to be set aside, leaving the legal twelve, taking of testimony will not start before Tuesday. Deputy sheriffs to-morrow will scour the hills for 100 additional men to be present in court Monday for examination.

## COMMUNITIES URGED TO HELP UNEMPLOYED Must Avoid Bread Lines, Says State Official.

Boston, Jan. 29.—Immediate action in every community to provide work for the unemployed in order to avoid soup kitchens and bread lines was urged to-day by Richard K. Conant, State Commissioner of Public Welfare. The demands for temporary relief now being made upon over-seers of the poor in cities and towns show that the situation is rapidly becoming worse, he said.

Mr. Conant advised the organization of a committee on unemployment in each community to obtain the cooperation of individuals, to act as a clearing house for the various charitable agencies giving relief, and to assist in providing work on public improvements.

Savings accumulated by wage earners during the last few years are now helping large numbers of the unemployed, according to Mr. Conant. Charges that workers squandered their money during the period of high wages he termed an entirely unfounded.

## DEBS CASE UP TO WILSON.

Palmer Completes Report on Question of a Pardon.

WASHINGTON, Jan. 29.—Attorney-General Palmer's recommendations on the question of a pardon for Eugene V. Debs, now serving a term in Atlanta for violation of the espionage laws, were expected by Department of Justice officials to-day to reach President Wilson by Monday.

The Attorney-General has completed his study of the espionage laws, and has drafted his recommendations. No indication of Mr. Palmer's attitude on the question was forthcoming to-night.

A full record of the Debs case has been prepared for the President, officials declared, covering both the period before his conviction and since he began his sentence at Atlanta.

## RUN CLOSING N. D. BANK.

Streeter Institution Carried Down by Other Suspensions.

STREETER, N. D., Jan. 29.—The First National Bank here closed to-day. Recent bank closings in this vicinity resulted in steady withdrawals from the First National Bank creating a loss of solvency in reserves, according to W. E. Barringer, president.

"The closing is only temporary. Such action was decided as prudent," said Mr. Barringer.

The bank has capital and surplus of \$30,000.

## RHOODE ISLAND WAGES CUT.

WOONSOCKET, R. I., Jan. 29.—The Woonsocket Rubber Company, footwear division of the United States Rubber Company, announced to-day a downward wage revision, effective February 1. The percentage was not given.

The Alice Mills here and the Millville Mill at Millville, Mass., employing together 2,600, are affected by the cut. The Millville Mill at present is shut down, while the Alice plant is running on short time.

# 'NORFOLK IDEA' GOES ON FINANCIAL ROCKS

Plant Taken Over by Labor Is Thrown Into Bankruptcy and Sold at Auction.

## THEORY IS DEFENDED

Union Man Says Big Sum Were Saved to Workers by His System.

Special Despatch to THE NEW YORK HERALD. NORFOLK, Va., Jan. 29.—Bankruptcy proceedings against the Crescent Iron Works to-day brought to an end "the Norfolk idea," which gained national attention as a pancea for labor troubles by fighting capital with capital.

The idea came into being last August when the International Association of Machinists assumed liability for a mortgage of \$40,000 on the present plant and operated it as a strictly union shop. Three Norfolk creditors to-day threw the plant into bankruptcy, and all its property, machinery and fixtures were sold at auction. The International Association of Machinists, through its bank, the Mount Vernon Savings Bank, bid in the property for \$47,800 for payment of a deed of trust it held on the property for \$40,000.

"The Norfolk idea" has proved an interesting topic for speculation in all parts of the country and the plans of the International Association of Machinists, according to their secretary, E. C. Davis, were to try the experiment on the Pacific coast. Since its failure in Norfolk, it is not known if the original plans will be carried out.

July 29, 1920, open shop was declared by Norfolk ironmasters, following a strike of all members of metal crafts. A strike occurred at the same time in the Crescent Machine Works, and labor proceeded along strategic lines to work out its experiments.

The outstanding obligations of the Crescent were bought up with capital furnished by the International Machinists Association, the money coming from the Mount Vernon Savings Bank of Washington, which is controlled by the machinists. Control of the company having thus been secured, support was furnished through extension of credit and active cooperation of affiliated branches of organized labor. In explaining the plan Mr. Davis said:

"Instead of a long struggle, in which our members each drew \$8 a week in strike benefits, we succeeded in keeping them all employed at top wages, the industry in Norfolk was saved an expensive period of inactivity and the city was saved the loss in trade which would have resulted."

"When the open shop was declared an investigation by union leaders disclosed that an outstanding mortgage of \$40,000 on the Crescent Works was a few days overdue. Acting for the union, I attempted to buy up the mortgage, but the bank holding it refused to sell."

Mr. Davis said he discovered that many of the bank's depositors were union men, and he took steps to see that the deposits of this bank were greatly reduced, with the result that an offer to sell the mortgage was made by the bank.

A showdown with the Crescent management followed, and the plant was reopened as a strictly union shop. Mr. Davis said that after labor took over the plant Norfolk bankers refused to advance credit for current transactions and jobbers refused to sell equipments. The Machinists Union immediately deposited with banks sufficient funds to cover immediate needs and met remaining problems by arranging with out of town firms for equipment needed to complete the work on hand.

One Norfolk bank, however, which had advanced funds to the Crescent

works under the new regime, reached a point where it could not advance further funds. For the payment of a stipulated sum all collateral of the Crescent works held by this bank was turned back to the owners, the bank continuing the loan already on its books unprotected by security. The property was offered for sale to-day by the following trustees:

William H. Johnston, president International Association of Machinists; E. C. Davis, secretary same association, and Harry J. Carr, cashier Mount Vernon Savings Bank.

The total losses involved in estimated at \$25,000. Mr. Davis says his association has saved \$200,000 by the Norfolk idea project, while members of the union had saved double that amount.

Mr. Davis attributes the failure to present conditions and says it can and will be worked successfully when industrial situations get back to normal.

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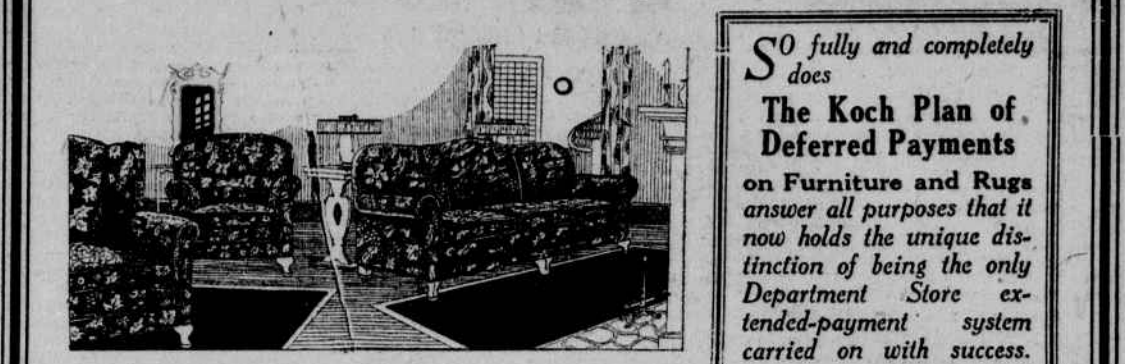
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\$7.95 Trousers	3.97
\$8.95 Trousers	4.47
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